//ACS

Agricultural
Credit Corporation of
Saskatchewan

A N N U A L

R E P O R T

1990 - 91

92-02170/

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Letter of Transmittal

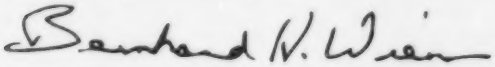
Regina, Saskatchewan
November 18, 1991

To Her Honour
The Honourable Sylvia O. Fedoruk, O.C., S.O.M.
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to present the Annual Report of the Agricultural Credit Corporation of Saskatchewan for the fiscal year ended March 31, 1991.

Respectfully submitted,



Hon. Bernhard H. Wiens
Minister Responsible for the
Agricultural Credit Corporation of Saskatchewan

Message From the Minister

The Saskatchewan agricultural industry has faced many challenges during the past few years. Challenges such as international trade wars, increasing debt loads, depressed world grain prices, drought and grasshoppers. The Government of Saskatchewan has helped producers face these difficulties. Through the Agricultural Credit Corporation of Saskatchewan (ACS), programs have been introduced to assist producers overcome these challenges.

In the spring of 1990, the Government recognized the need to provide operating funds to help farmers seed their crops. The Saskatchewan Spring Seeding Program was introduced and administered through ACS providing 12,667 producers with $155 million in assistance.

The introduction of the Gross Revenue Insurance Plan (GRIP) and Net Income Stabilization Account (NISA) programs will have a positive effect on stabilizing the agricultural economy in Saskatchewan. The results of these programs will be felt long term. In addition to these initiatives, ACS will continue to encourage diversification and provide agricultural credit where needs are not being met by other lenders. Loans are available for a number of purposes under flexible criteria and ACS will respond to market demands.

Agriculture has always been a large part of the Saskatchewan way of life. ACS will continue to deliver programs to ensure that agriculture, our major industry, remains viable and competitive through the 90's.

Hon. Harold Martens
Minister Responsible for the
Agricultural Credit Corporation of Saskatchewan

President's Report

Continued rationalization of farm debt in Saskatchewan as well as increased efforts to diversify the agricultural economy resulted in a busy 1990/91 fiscal year for the Agricultural Credit Corporation of Saskatchewan(ACS). During the past year the Corporation approved 943 Capital loans for $49 million. ACS met the increased demand for service to Saskatchewan farmers through an increase in staff and a renewed employee commitment to the Corporate mission "dedicated to strengthening agriculture through leadership and innovation in financing".

As farmers and creditors continued to negotiate settlements on unserviceable levels of debt, ACS was able to assist many producers with debt settlement financing. Under the Capital Loan Program, 294 loans for more than $23 million were approved to farmers who were able to successfully restructure their farm debt to maintain a viable operation.

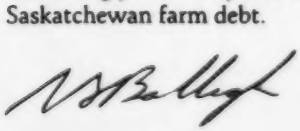
Home quarter financing was a popular program with 279 loans totalling over $11 million provided to purchase a home quarter section of land or to construct or renovate buildings and improvements on the home quarter.

The Investment Loan Program continued to offer farmers and investor groups the opportunity to develop large scale livestock enterprises. Over $3.6 million in loans were approved for ventures in hog production and beef feedlot operations.

The majority of clients in the Livestock Cash Advance Program renewed their loans for an additional year retaining the benefit of this interest free operating assistance. As well, 1,929 loan applications were approved during the fiscal year bringing the total number of clients at year end to 15,499 and total dollars outstanding to over $142 million.

The Saskatchewan Spring Seeding Program was introduced in April 1990 to assist farmers with operating credit. Loans were disbursed through banks and credit unions with ACS providing a guarantee on $155 million in financing to 12,667 farmers. Low cash flow made repayment of these loans by the January 15, 1991 deadline difficult for some clients but by March 31, 1991 over 61% of the funds had been repaid. The introduction of the Gross Revenue Insurance Plan(GRIP) and the Net Income Stabilization Account(NISA) has improved Saskatchewan farmers' ability to obtain operating credit from commercial lenders and eliminated the need for a similar program in 1991.

Total farm debt in Saskatchewan remains high, having increased from $5.03 billion in 1989 to $5.22 billion at the end of 1990. While this represents a 14.7% decrease from the 1986 level of $6.12 billion, the process of reducing farm debt in the province is not complete. Many farmers' continue to struggle with unserviceable debt loads. Accordingly the Corporation expects to remain a major player in restructuring the Saskatchewan farm debt.

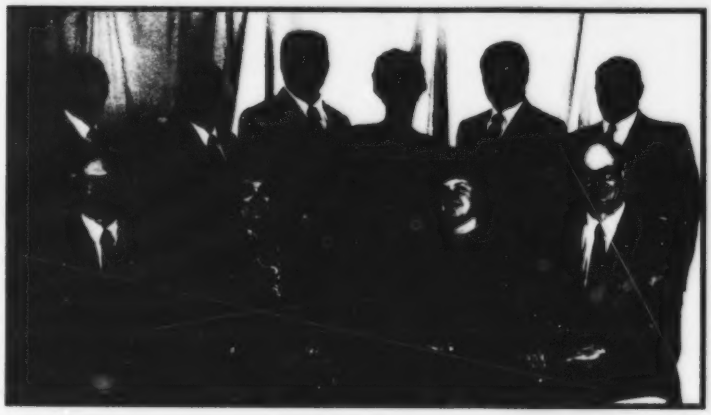


Norm Ballagh
President

Board of Directors

Standing: *(L to R)* Don Warner *(Balcarres)*; Neil Stevenson*(Richlea)*; Herb Axten - *Vice-Chairman (Minton)*; Dorothy Ranger *(Leask)*; Bill Cooper *(West Bend) and* John Schreiner *(Saskatoon)*

Seated: *(L to R)* Larry Sommerfeld *(Allan)*; Marlys Anderson *(Rose Valley)*; Connie Blacklock *(Saskatoon) and* Lynn Biggart - *Chairman (Cut Knife)*



Corporate Management

Norm Ballagh	*President*
Morley Machin	*Vice-President Administration*
Denis Côté	*Vice-President Lending*
Barry Miller	*Director Finance*
Dave Gabruch	*Director Lending*
Margot Trembath	*Director Policy Planning & Research*
Mohammed Khatri	*Manager Accounting*
Dale Ferrel	*Manager Administration*
Larry Hamm	*Manager Communications*
Carl Neggers	*Manager Human Resources*
Warren Massier	*Manager Loan Administration*
Allan Zasitko	*Manager Management Information Systems*
Gerry Martins	*Manager Special Loans*

Regional Management

Lyle Ballard	Weyburn	*Regional Manager*
Laverne Frisk		*Assistant Regional Manager*
Rick Lillejord		*Assistant Regional Manager*
Dennis Lafreniere	Swift Current	*Regional Manager*
Gerry Manz		*Assistant Regional Manager*
Thomas Schwartz		*Assistant Regional Manager*
Don Pierce	Tisdale	*Regional Manager*
Rick Blenner-Hassett		*Assistant Regional Manager*
Ken Childs		*Assistant Regional Manager*
Joe Rakochy	Saskatoon	*Regional Manager*
Jim Boyce		*Assistant Regional Manager*
Rick Koller		*Assistant Regional Manager*
Bob Foreman	North Battleford	*Regional Manager*
Jim Babcock		*Assistant Regional Manager*
Brad Choquette		*Assistant Regional Manager*

ACS Programs

Capital Loan Program

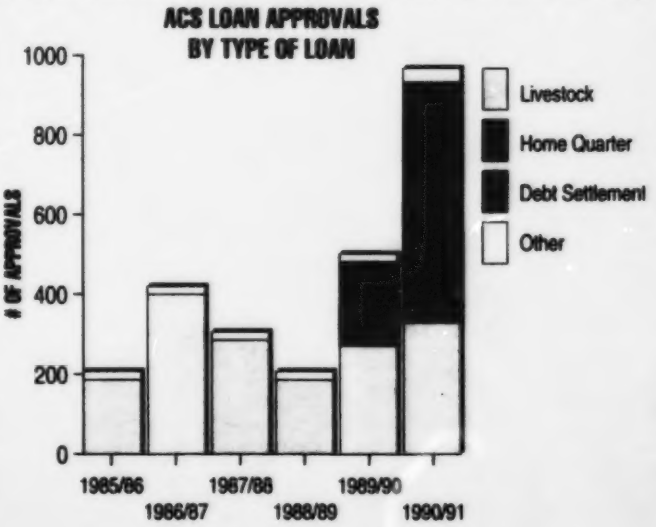
In 1990/91, the Capital Loan Program continued to provide long term financial assistance to Saskatchewan farmers to aid in diversification and expansion of livestock and specialized enterprises, to purchase a home quarter and improvements, and for debt settlement to re-establish a viable operation.

During the fiscal year, 943 loans for $49,025,761 were approved for an average of $51,989 per loan. This represents increases over the previous year of 190% in the number of loans and 217% in total dollars approved.

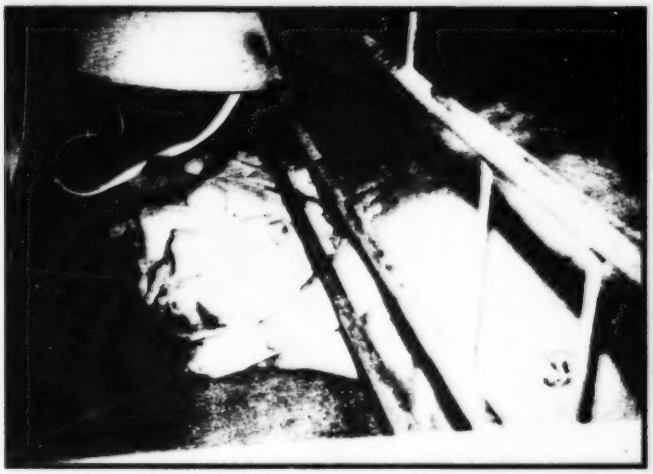
Loan Type	Number of Loans	Dollars Approved
Livestock	333	$12,826,757
Home Quarter	279	11,067,086
Debt Settlement	294	23,700,748
Other	37	1,431,170
Total	943	$49,025,761

Livestock loans, to establish or expand hog, beef, sheep, dairy and poultry operations, remained an important part of the Capital Loan Program, representing 35.3% of approvals. New purposes introduced in September 1989 made up the majority of approvals in 1990/91 with 279 loans or 29.6% of approvals being for the purchase of a home quarter or for the purchase and construction of buildings and improvements to an existing home quarter. In addition, 294 loans or 31.2% of approvals were to finance a debt settlement agreement or refinance existing ACS loans. The remaining 37 loans or 3.9% of approvals were for other eligible purposes such as irrigation, honey bee, or fur bearing animal enterprises.

As of March 31, 1991 $180,385,203 was outstanding under the Capital Loan Program. Although net farm incomes were low in 1990, arrears under the program showed an improvement with 75.4% of clients and 83.9% of the balances outstanding current at March 31, 1991 compared to 74.2% and 80.5% respectively at previous year end.



At March 31, 1991, there were 4,261 Capital loan clients compared to 4,151 at previous year end.



Each year a profile of an average ACS Capital loan client is developed. The current profile shows the average client to be 37 years of age, with a gross farm income of $56,293 and a net income of $9,429. This farmer has gross assets valued at $359,724, a net worth of $188,363, and outstanding debt of $41,899 short term and $155,393 long term. He/she earns $11,013 off-farm income, owns 608 acres of land and rents an additional 674 acres.

Investment Loan Program

The Investment Loan Program provides loans to a maximum of $8 million to investor groups establishing a hog production unit or beef feedlot operation in Saskatchewan. Loans are for a maximum of 25 years and carry an interest rate equal to the Corporation's cost of borrowing, fixed for the term of the loan.

During 1990/91, 7 investment loans were approved for $3,685,500 to establish hog enterprises and beef feedlot operations.

Outstanding under this program at March 31, 1991 was $6,403,511. none of which was in arrears.

Livestock Cash Advance Programs

The Livestock Cash Advance Program continues to provide 12 month. interest free, loans to livestock producers to assist in operating expenses. During the year, additional species were added to the list of animals eligible for advances. Funds may now be obtained for bighorn sheep, thinhorn sheep and ostriches raised in captivity based on $25 per head.

During the fiscal year, 1,929 loan applications were processed worth $9,615,957 for an average loan of $4,985. This additional funding brought the total disbursed since the program's inception to $259,558,714.

All existing advances are extended on an annual basis providing the required number of animals is maintained. At March 31, 1991, $142,431,148 was outstanding to 15,499 clients. The number of Livestock Cash Advance Program clients whose loans were current at the year end improved to 76% from the previous year level of 69.7%. Loans which are current represent 81.1% of outstanding dollars, down slightly from last year's 81.8%

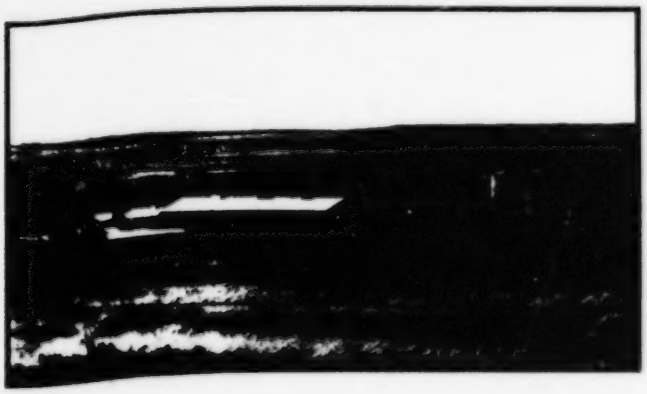
Production Loan Programs

Repayment of the 1986 Production Loan continues with a total of 29,553 or 51.3% of the original 57,614 clients having repaid their loans by March 31, 1991. A further 13,660 clients or 23.7% are not in arrears. Substantial time and effort on the part of lending staff during 1990/91 has reduced the number of clients in arrears within this large portfolio from 17,760 in March 1990, to 14,401 in March 1991.

Of the original $1.09 billion disbursed under the Production Loan Program, $466,188,895 remains outstanding.

Saskatchewan Spring Seeding Program

To assist farmers in planting the 1990 crop, the Saskatchewan government introduced the Saskatchewan Spring Seeding Program. The program offered operating loans of up to $50,000 based on $12.50 per cultivated acre for dryland or irrigated crop production, $1.25 per square foot for greenhouse operators, $12.50 per bee colony for honey producers, or $125 per acre for vegetable growers.



Loans were available through commercial banks and credit unions in the province with guarantees provided by ACS. Loans matured January 15, 1991 and were at a 10.75% interest rate.

During the spring of 1990, a total of 12,667 loans for $155 million were disbursed under this program. By March 31, 1991, 59.7% of these loans and 61.2% of the principal had been repaid.

Guaranteed Vendor Mortgage Program

This program, introduced in 1989 to facilitate the transfer of farm property from one generation to another, is gaining acceptance by vendors and purchasers. During the 1990/91 fiscal year, 9 guarantees for $632,963 were issued.

Guaranteed Operating Loan Program

The Guaranteed Operating Loan Program continues to be available to Capital Loan clients to assist them in obtaining operating loans from financial institutions.

During 1990/91, ACS guaranteed 1 operating loan of $35,000. At March 31, 1991, $238,316 was guaranteed under the program.

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Agricultural Credit Corporation of Saskatchewan (ACS) and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except as disclosed in Note 2g. Financial information presented elsewhere in the annual report is consistent with that presented in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded and proper records are maintained.

The Audit Committee of the Board, which is comprised of directors who are not employees of the Corporation, has reviewed the financial statements, including the notes thereto, with management and the external auditors. The statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

The Corporation's independent auditors, Price Waterhouse, have been appointed to express an opinion on these financial statements. Their report follows.

Morley L. Machin
Vice-President
Administration

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Agricultural Credit Corporation of Saskatchewan as at March 31, 1991 and the statements of operations and surplus and changes in cash position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting principles disclosed in Note 2 to the financial statements.

Price Waterhouse

Chartered Accountants

Saskatoon, Saskatchewan
May 24, 1991, except for
Note 10 for which the
date is June 14, 1991

Statement of Financial Position As at March 31

Statement 1

	1991	1990
	(in thousands)	
Assets		
Accounts receivable	$ 267	$ 249
Loans receivable (Note 3)	797,304	828,235
Less: Allowance for loan losses (Notes 2f & 4)	(138,354)	(142,479
	658,950	685,756
Assets held for resale (Note 2h)	2,008	1,471
Office equipment (Note 2d)	2,693	1,611
Prepaid and deferred costs (Note 2e)	3,795	4,653
	$667,713	$693,740
Liabilities		
Bank indebtedness	$ 1,128	$ 628
Interest and other accrued payables	15,550	17,424
Allowance for Saskatchewan Spring Seeding Program loans (Note 5)	15,500	-
Payable to Department of Agriculture and Food (Note 8)	3,030	4,736
Notes payable (Note 6a)	20,595	99,165
Current portion of Long term debt	-	150,000
Long term debt (Note 6b)	609,843	419,843
	665,646	691,796
Equity		
Equity in office equipment	2,693	1,611
Accumulated surplus (deficit) (Statement 2)	(626)	333
	2,067	1,944
	$667,713	$693,740

The accompanying notes are an integral part of the financial statements

Statement 2

Statement of Operations and Surplus For the year ended March 31

	1991	1990
	(in thousands)	
Interest income		
Loans receivable	$ 66,185	$ 68,905
Interest expense (Note 7)		
Notes payable	20,415	11,893
Long term debt	53,872	68,723
	74,287	80,616
Net interest expense	8,102	11,711
Allowance for loan losses (Note 4)	6,880	4,936
Allowance for Saskatchewan Spring Seeding Program loans (Note 5)	15,500	-
Grants for Saskatchewan Spring Seeding loan interest	3,185	-
Loss on loan guarantees (Note 2g)	45	81
Administrative expenses (Schedule 1)	15,496	10,372
Other income	(3,937)	(2,999)
Loss before grants	45,271	24,101
Grants from the Province of Saskatchewan (Note 8)	47,342	28,903
Surplus before unexpended grants repayable	2,071	4,802
Unexpended grants repayable (Note 8)	(3,030)	(4,734)
Surplus (loss) for the year	(959)	68
Surplus at beginning of the year	333	265
Surplus (deficit) at end of the year	$ (626)	$ 333

The accompanying notes are an integral part of the financial statements

Statement of Changes in Cash Position For the year ended March 31

Statement 3

	1991	1990
	(in thousands)	
Cash provided by (used in):		
Operating activities		
Surplus (loss) for the year	**$ (959)**	$ 68
Items not involving cash		
Increase in accrued interest on loans receivable	**(13,605)**	(11,284)
Decrease in accrued interest on debt payable	**(5,168)**	(3,954)
Amortization of debt issuing costs	**444**	1,380
(Increase) decrease in discount on notes payable	**2,655**	(3,132)
Other non-cash items	**369**	(1,131)
	(16,264)	(18,053)
Loans to farmers	**(50,644)**	(27,458)
Loan payments received	**84,326**	185,195
Other loan receivables	**(268)**	(386)
Increase in allowances	**22,380**	4,936
Other operating activities	**777**	8,526
Cash provided by operating activities	**40,307**	152,760
Financing activities		
Long term debt repaid	**(150,000)**	(158,400)
Long term debt issued	**187,763**	-
Net increase (decrease) in notes payable	**(78,570)**	4,465
Cash used in financing activities	**(40,807)**	(153,935)
Net decrease in cash	**(500)**	(1,175)
Cash (bank indebtedness) at beginning of the year	**(628)**	547
Bank indebtedness at end of the year	**$ (1,128)**	$ (628)

The accompanying notes are an integral part of the financial statements

1. Status of the Corporation

The Agricultural Credit Corporation of Saskatchewan Act came into force on January 1, 1984 repealing **The Agricultural Incentives Act** of July 3, 1973. This Act established ACS as a continuance of the FarmStart Corporation. Under this Act, The Agricultural Credit Corporation of Saskatchewan Fund, through which all transactions are conducted, replaced the FarmStart Fund.

2. Significant Accounting Policies

a) The Corporation records transactions on the full accrual basis of accounting.

b) Under Section 29 of **The Agricultural Credit Corporation of Saskatchewan Act,** the Minister of Agriculture and Food may make grants to the Corporation out of monies appropriated by the Legislature. Grant funds received for the fiscal year which are surplus to the program for which they were provided are reported on the Statement of Financial Position as Payable to Department of Agriculture and Food.

Net costs incurred in a fiscal year which exceed the grant provided for that purpose are reported as a deficit for the year and may be recovered from the grant to be received for that purpose in a subsequent year.

c) Amounts recovered from farmers for captial grants paid to them in prior years are retained by the Corporation and are reported as surplus.

d) Office equipment is expensed during the year of purchase. To maintain accountability for this equipment, the cost, net of disposals, is reflected as an asset with an offsetting equity balance on the Statement of Financial Position.

e) Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and are included in Interest expense on Long term debt. The unamortized costs are carried on the Statement of Financial Position in Prepaid and deferred costs.

f) The allowance for loan losses represents management's estimate of losses on accounts outstanding at the end of the fiscal year. This allowance has been based, in general, upon an estimate of probable loan losses which have not yet been identified and, in part, on a review of existing loans in arrears.

Actual loan losses are charged to the allowance while recoveries are credited to the allowance. The adjustment of the allowance to the level regarded by management as being appropriate is reflected in the Statement of Operations and Surplus as the Allowance for loan losses.

g) The Corporation generally recognizes payment of loan guarantees as an expense at the time that payment is made. An exception is being made for payments of guarantees under the Saskatchewan Spring Seeding Program. Under this program, guarantee claims may be made based upon the expiry date of the program rather than based upon actual losses incurred by the primary lender. Consequently, payments of these guarantees are being recorded as loans receivable and normal collection procedures will be implemented.

h) The Corporation records, as Assets held for resale, the fair market value at the date of acquisition of assets acquired through settlement, quit claim or foreclosure. The asset values are adjusted annually for carrying costs and for the income or loss from any enterprise operations associated with the properties.

3. Loan Programs

a) Capital Loan Program

Loans are repayable, with interest, over terms not exceeding twenty-five years. The loans bear interest at rates between 6% and 14%, depending upon the purpose and the year of issue. Security on individual loans varies according to what is considered adequate in particular circumstances, and includes mortgages on real property, security agreements and guarantees, as well as insurance on the lives of the borrowers. The receivable for the Capital loan program at March 31, 1991 is $180,385,203 (1990 - $152,525,568).

b) Investment Loan Program

Investment loans bear interest at rates between 9 3/4% and 11 l/2% and are repayable over terms not exceeding twenty-five years. Security on the loans varies and may include mortgages on real property, security agreements and personal guarantees. The receivable for the Investment loan program at March 31, 1991 is $6,403,511 (1990 - $2,536,165).

c) Production Loan Programs

Production loans were disbursed in 1986 to provide farmers, bee colony owners, potato producers and greenhouse operators with loans bearing interest at 6% repayable in equal principal installments over a term of three years. Amounts in arrears are at prime plus 2%. Amendments to the program allow the borrowers to reschedule their outstanding loans to mature in 1997. These amended loans bear interest at 9 3/4%.

The loans are secured by promissory notes and, where applicable, by shareholder guarantees and general security agreements. The receivable for Production loans at March 31, 1991 is $466,181,895 (1990 - $527,569,258).

d) Livestock Cash Advance Programs

The Livestock Cash Advance program provides livestock producers with interest free loans on 70% of their livestock inventory. The loans are for twelve months from the date of approval, or less if the number of livestock is reduced, and may be extended for one year periods based upon herd inventory figures provided by the client. Arrears resulting from inventory shortages bear interest at 11 3/4% or prime plus 2%.

Until July 31, 1987, the Corporation provided interest free loans on 100% of the livestock inventory. To implement the 70% cash advance level, borrowers with livestock loans outstanding on July 31, 1987 were provided the option at maturity of repaying 30% of their loan or converting the 30% payment required to a loan bearing interest at 8% repayable in three equal principal installments and with arrears bearing interest at 11 3/4%. The first payment of principal and interest was due one year after the original loan matured. The receivable for the Livestock Cash Advance programs at March 31, 1991 is $142,431,148 (1990 - $145,377,447).

e) Other Loans

The Corporation is continuing collection of cash advances to cattle producers provided until March 31, 1980 under Parts VI, VII and VIII of the Regulations under **The Agricultural Incentives Act**. The receivable for these loans at March 31, 1991 is $220,248 (1990 - $226,781).

f) Saskatchewan Spring Seeding Loans

The Corporation has honored guarantees for loans granted by financial institutions under the Saskatchewan Spring Seeding Program. The loans bear interest at prime plus 2%. The receivable for Saskatchewan Spring Seeding loans at March 31, 1991 is $1,681,644 (1990 - nil).

4. Allowance For Loan Losses

	1991							1990
						(in thousands)		
	Capital & Investment Loans				Livestock			
	Funded	Concession	Allowance Fee	Production Loans	Cash Advances	Other Loans	Total	Total
Balance at beginning of year	$18,694	$2,149	$ 532	$104,861	$16,115	$128	$142,479	$144,278
Add: Refinancing transfers	699	-	-	(642)	(57)	-	-	-
Allowance fees and interest credited	-	-	904	-	-	-	904	341
Increase of allowance balances	4,976	1,000	-	-	-	-	5,976	4,595
Sub total	5,675	1,000	904	(642)	(57)	-	6,880	4,936
Add: Recovery of prior year losses	66	-	-	12	4	26	108	75
Less: Loan losses & write-offs	(4,864)	(259)	-	(4,780)	(1,208)	(2)	(11,113)	(6,810)
Balance at end of year	$19,571	$2,890	$1,436	$ 99,451	$14,854	$152	$138,354	$142,479

5. Allowance for Saskatchewan Spring Seeding Program Loans

The Corporation received $15,500,000 in grants to fund management's estimate of losses on loans which were to be acquired January 15, 1991 as a result of guarantee payments under the Saskatchewan Spring Seeding Program. As a result of an amending agreement with the financial institutions, the submission date for claims was changed to May 1, 1991 (Note 10). The Corporation has retained the grant funds to establish the loan loss allowance for the loans that will be acquired on payment of the guarantees.

6. Borrowing

Sections 17 & 19 of **The Agricultural Credit Corporation of Saskatchewan Act** allow the Corporation to borrow, with the approval of the Lieutenant Governor in Council, monies from various sources as it deems necessary for its purposes. Section 22 restricts total borrowing by the Corporation to $2,000,000,000.

a) Notes Payable

A note due to the Province of Saskatchewan Consolidated Fund for $20,595,000 is outstanding at March 31, 1991 (1990 - $99,165,000). The note is due June 28, 1991 and bears interest at 9.73% (1990 - 13.38%).

b) Long Term Debt

All long term debt is repayable to the Province of Saskatchewan Consolidated Fund. Principal is due at maturity and bears interest at the weighted average interest rates set out on the following page.

	1991		1990	
Year of Maturity	Amount Due	Weighted Average Interest Rate	Amount Due	Weighted Average Interest Rate
	(in thousands)		(in thousands)	
Debentures				
1994	$ 17,845	9.00%	$ 17,845	9.00%
1995	19,292	8.77	19,292	8.77
1996	32,498	9.04	32,498	9.04
1998	4,657	9.49	4,657	9.49
2000	22,580	12.15	22,580	12.15
2001	28,412	15.36	28,412	15.36
2002	31,042	15.70	31,042	15.70
2003	13,517	11.59	13,517	11.59
	169,843	11.91%	169,843	11.91%
Bonds				
1990	-	-	150,000*	9.50
1993	50,000	9.75	50,000	9.75
1994	50,000	10.50	-	-
1995	200,000	9.63	200,000	9.63
2001	140,000	11.00	-	-
	440,000	10.18%	400,000	9.60%
Total	$609,843	10.66%	$569,843	10.29%
Less:				
Long term debt due in one year	-		150,000	
	$609,843		$419,843	

*Euro Canadian Dollar issue

7. Interest and Debt Expense

	1991	1990
		(in thousands)
Interest on notes payable	$20,415	$11,893
Interest on long term debt	53,416	67,089
Amortized bond costs	456	1,634
	$74,287	$80,616

8. Grants from the Province of Saskatchewan - Department of Agriculture and Food

As described in Note 2b and c the following table summarizes grant activity for the year ended March 31, 1991:

(in thousands)	Administration	Interest Subsidy	Loan Losses & Guarantees	Capital Grants	Saskatchewan Spring Seeding Program	Total
Appropriations approved	$ 8,818	$ 6,724	$ 5,000	$ -	$40,200	$ 60,742
Virements approved	5,800	2,000	-	-	(7,800)	-
Grant proceeds received	14,618	8,724	5,000	-	19,000	47,342
Expenditures	15,496	74,287	18,038	-	3,185	111,006
Transfer to surplus (Note 2c)	-	-	-	61	-	61
Transfer to Allowance for Saskatchewan Spring Seeding Program loans (Note 5)	-	-	-	-	15,500	15,500
Less: revenue	(2,971)	(66,185)	(12,017)	(61)	-	(81,234)
Net expenditure for purpose specified	12,525	8,102	6,021	-	18,685	45,333
Unexpended (overexpended) grants	2,093	622	(1,021)	-	315	2,009
Over expenditure to be recovered from 1991/92 grant (Note 2b)	-	-	1,021	-	-	1,021
Unexpended grants repayable	**$ 2,093**	**$ 622**	**$ -**	**$ -**	**$ 315**	**$ 3,030**

9. Guaranteed Loans Under The Agricultural Credit Corporation of Saskatchewan Act

The Corporation provides guarantees on loans extended to farmers by commercial banks and credit unions.

Capital loan clients may be approved for guaranteed operating loans to help finance their operation. Loans approved prior to January 1, 1984 are guaranteed for 80% while loans subsequent to that date are guaranteed for 90%. The contingent liability of the Corporation for guaranteed operating loans outstanding or approved at March 31, 1991 is $238,316 (1990 - $248,399).

Loans to livestock producers made prior to the December 31, 1983 program expiry date are guaranteed for 80%. The contingent liability of the Corporation for guaranteed livestock loans outstanding at March 31, 1991 is $3,223 (1990 - $10,048).

Guarantees may be provided to vendors under the Guaranteed Vendor Mortgage Program for the sale value of farm land and existing improvements. The guarantees are for 100% of the principal amount outstanding. The contingent liability of the Corporation for guaranteed vendor mortgages outstanding at March 31, 1991, is $632,963 (1990 - Nil).

The Corporation provided guarantees to financial institutions under the Saskatchewan Spring Seeding Program for loans to their clients for the purchase of 1990 crop inputs. The loans are guaranteed for 100% of the principal and interest outstanding at the date of claim. The contingent liability of the Corporation under this program at March 31, 1991 is $55,307,963.

10. Contractual Obligations

The Corporation entered into agreements during 1990/91 with banks and credit unions in Saskatchewan to guarantee loans advanced to their clients for 1990 crop input costs. Under the terms of each agreement, the Corporation was to pay the financial institution interest on the loans representing the difference between the institution's prime lending rate and the 10 3/4% charged to the client. These statements reflect all payments made and due for this purpose.

The agreements also allowed the financial institutions to file a claim with ACS for 100% of the principal and interest outstanding from their client immediately following the January 15, 1991 maturity date of the loans. By an amending agreement in January 1991, the submission date for these claims was changed to May 1, 1991. The Corporation is paying approximately $48,631,000 during June 1991 to acquire the loans and complete the terms of the agreements.

11. Commitments

At March 31, 1991, the Corporation had $13,482,066 (1990 - $12,511,082) in Capital loans approved but not yet disbursed.

12. Related Party Transactions

All transactions with Saskatchewan Crown agencies, corporations and departments are conducted at prevailing market rates and are settled on normal trade terms.

13. Directors and Officers

The aggregate remuneration of directors and officers for the fiscal year included in salaries and benefits on Schedule 1 amounted to $288,850 (1990 - $261,950).

14. Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform with the current year presentation.

Schedule 1

Schedule of Administrative Expenses For the year ended March 31

	1991	1990
	(in thousands)	
Advertising	$ 202	$ 139
Communications	536	431
Data processing	2,177	1,579
Legal and registration fees	1,764	1,294
Office occupancy	1,607	555
Professional services	188	142
Salaries and benefits (Note 13)	8,058	5,565
Supplies and office equipment	505	329
Travel and sustenance	459	338
Total Administrative Expenses	**$15,496**	$10,372

Our Mission Statement

Dedicated to strengthening agriculture through leadership and innovation in financing.

//ACS A Credit to Saskatchewan